

Service Date: January 25, 1983

DEPARTMENT OF PUBLIC SERVICE REGULATION  
BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MONTANA

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IN THE MATTER Of The Application	)	
Of PACIFIC POWER & LIGHT COMPANY	)	UTILITY DIVISION
For Authority To Adopt New Rates	)	DOCKET NO. 82.9.59
And Charges For Electric Service	)	ORDER NO. 4939a
Furnished In The State Of Montana.	)	
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APPEARANCES

FOR THE APPLICANT:

C. Eugene Phillips, Murphy, Robinson, Heckathorn & Phillips, One Main Building,  
Kalispell, Montana 59901

George M. Galloway, Stoel, Rives, Boley, Fraser and Wyse 900 S.W. Fifth Avenue,  
Portland, Oregon 97204

FOR THE PROTESTANT:

James C. Paine, Montana Consumer Counsel, 34 West Sixth Avenue, Helena, Montana  
59620

FOR THE COMMISSION:

Calvin K. Simshaw, Staff Attorney

BEFORE:

Howard L. Ellis, Commissioner, Presiding  
John B. Driscoll, Commissioner  
Clyde Jarvis, Commissioner  
Thomas J. Schneider, Commissioner

FINDINGS OF FACT

1. On September 9, 1982, the Pacific Power and Light Company (Applicant, Company, or PP&L) filed with the Montana Public Service Commission an application for authority to adopt new rates and charges for electric service furnished in the State of Montana. The application provided for rates estimated to produce approximately \$539,000 of additional annual revenue, resulting in a 2.5% increase in annual revenues. Rates across customer classes were calculated to rise approximately .101¢/KWH.

2. The proposed increase reflects additional costs of \$539,000 to be incurred by PP&L as a result of increases in Bonneville Power Administration (BPA) wholesale rates due to become effective October 1, 1982. PP&L purchases a significant portion of their energy from BPA.

3. Additionally, the Company proposed to modify the Schedule 98 billing credit resulting from the Company's Residential Purchase and Sale Agreement (Exchange Agreement) with BPA as authorized by the Pacific Northwest Electric Power Planning and Conservation Act (Regional Act). The modification reflects the effect of the new BPA wholesale rate increase which became effective October 1, 1982, as well as reflecting the increase in residential qualifying load from 60 percent to 70 percent pursuant to the Commission's decision in Order No. 4916, Docket No. 82.6.41. Because the average PF-1 rate from BPA is increasing to a new PF-2 rate and because of the proportionately smaller increase to the Company's Average System Cost resulting from the BPA wholesale rate increase, the net effect is to reduce the Schedule 98 credit for all the related Schedules.

4. The modification of the Schedule 98 billing credit results in the following Schedule 98 tariff rates, as proposed by the Company:

<u>Schedule Number</u>	<u>Schedule 98 Credit</u>
7	0.825¢ per KWH
14	0.772¢ per KWH
24	0.772¢ per KWH
36	0.772¢ per KWH

5. The Schedule 98 credit amounts incorporate an adjustment for the balancing account difference which accumulated between October 1, 1981 and September 30, 1982. The Schedule 98 credit applicable for Residential Service Schedule 7 loads also includes an adjustment which passes through the accrued benefits, with interest, resulting from the Commission's decision in Order No. 4916, Docket No. 82.6.41, to defer implementation from July 1, 1982 to October 1, 1982, of the increased Schedule 98 benefits to residential customers resulting from an increase in the qualifying load from 60 percent to 70 percent pursuant to the Regional Act. As directed by the Commission, this additional credit adjustment will remain in effect for six months, from October 1, 1982 through March 31, 1983.

6. The combined effect of the BPA wholesale rate increase and the associated decrease in the Schedule 98 credit results in a net annual revenue increase to total retail sales of \$1,115,000 or 5.8% when the effects of the Exchange Credit are taken into consideration.

7. Since the Commission found that the increased expense is to a large extent, a known and measurable change and lies beyond the direct control of the Applicant, the Commission determined that interim relief in the amount of \$539,000 was appropriate. In granting this interim relief on October 1, 1982, with Interim Order No. 4939, the Commission determined that the Company is using correct accounting procedures pursuant to Commission directive in Order No. 4916, Docket No. 82.6.41, regarding accrued benefits, with interest, and deferred implementation of increased Schedule 98 benefits to residential customers. Based on this proceeding, the Commission determined the adjusted Schedule 98 tariff rates, as shown in Finding of Fact paragraph No. 4, to be proper as proposed by the Company.

8. The Company was directed to increase rates, obtaining the revenue requirement of \$539,000 from the various rate schedules by an amount equal to a uniform percentage of long-run incremental costs. The 1981 test year would serve as the basis for the billing determinants. The existing relationship between rate blocks and time-of-use should be maintained.

9. On November 3, 4, and 5, 1982, a public hearing was held for this Docket and Docket No. 82.4.28 (PP&L General Case), pursuant to notice, at the City Council Chambers in

Kalispell, Montana. No evidence was introduced which indicated that the revenues granted for the increase in rates from BPA are not justified.

CONCLUSIONS OF LAW

1. Applicant, Pacific Power and Light Company, is a corporation providing service within the State of Montana and as such is a "public utility" within the meaning of Section 69-3-101, MCA.
2. The Montana Public Service Commission properly exercises jurisdiction over the Applicant's Montana operations pursuant to Title 69, Chapter 3, MCA.

ORDER

1. This Order makes permanent the revenues granted and rates approved in Interim Order No. 4939.
2. Should Pacific Power and Light Company successfully challenge the BPA rate increase, any savings should be reflected immediately in rates.

DONE IN OPEN SESSION, at Helena, Montana this 24th day of January, 1983 by a 4 -  
O vote.

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DOCKET NO. 82.9.59; ORDER NO. 4939a

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION.

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Thomas J. Schneider, Chairman

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John B. Driscoll, Commissioner

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Howard L. Ellis, Commissioner

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Clyde Jarvis, Commissioner

ATTEST:

Madeline L. Cottrill  
Commission Secretary

(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.